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COVER NOTE

From: Mr Philippe THILL, Financial Counsellor, Permanent Representation of Luxembourg to the European Union

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To: Mr Carsten PILLATH, Director General, Council of the European Union

Subject: Luxembourg:
Revised Draft Budgetary Plan of Luxembourg as laid down in Article 7(2) of Regulation (EU) 473/2013 on Common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the member states in the euro area

Delegations will find attached Luxembourg's revised Draft Budgetary Plan for 2019 in English.
This document is aimed for discussion in the Eurogroup.

Luxembourg - 5 March 2019

DRAFT BUDGETARY PLAN

> 2018-2019



LE GOUVERNEMENT
DU GRAND-DUCHÉ DE LUXEMBOURG
Ministère des Finances

Courtesy translation of the original French document.

In case of a discrepancy between the original version and the translated text, the original version shall prevail.

I. Introduction

In line with article 6 of Regulation 473/2013, Luxembourg hereby presents its 2019 Draft Budgetary Plan (DBP). It consists of an update of the DBP submitted to the European Commission on 15 October 2018, which was limited to a simple extrapolation of the forecasts included in the Stability and Growth Programme from April 2018 under a no-policy change scenario. Given the legislative elections on 14 October 2018, the ongoing Government did not present a draft budget for the full fiscal year 2019 to Parliament.

The present DBP is based on the most recent macroeconomic forecasts independently produced by STATEC and it draws upon the fiscal objectives presented in the draft 2019 State budget as tabled to Parliament on 5 March 2019 by the Government. Except stated otherwise, the budgetary figures are presented in accordance with the ESA2010 framework.

The Government that took office in December 2018 pursues the ambition to maintain a responsible fiscal policy stance based on the progress made during the previous legislature. Government action foresees to deploy a balanced mix of policy choices that guarantee social cohesion, uphold competitiveness and tackle climate and environment related challenges, while following a balanced and sound budgetary path that respects the Stability and Growth Pact at all times.

II. Macroeconomic forecasts

Global GDP growth in 2018 has been marked by a slowdown, hailing the conclusion of the economic upturn witnessed in recent years. This results from a number of headwinds, among which notably accentuated uncertainty related to trade tensions and geopolitical crises, as well as financial markets' heightened volatility.

The **euro area's** performance has followed the global trend of growth moderation. Its economy ended 2018 on unsteady foundations after having known a marked drop in growth during the summer. Based on these developments, STATEC has revised downwards its macroeconomic forecasts compared to the last medium-term projections under a no-policy change scenario included in the *Note au Formateur* in November 2018¹. In light of risks increasingly being tilted to the downside, real GDP growth reached 1.8% in the euro area in 2018 and should decelerate to 1.5% in 2019. This projected growth path is in line with forecasts by major international institutions².

In spite of these general trends pointing to a weakening international cycle, **Luxembourg's economy** remained resilient during 2018, as demonstrated by a growth path that is higher than in the euro area. In 2018, growth is forecast to rise to 3.0% on the back of solid expansion in the first three quarters of the year. In 2019, growth is estimated to attain as well 3.0%. This positive trend is notably underpinned by confidence indicators, which remain well above their historical averages at the start of 2019, but growth may suffer in the short term from an international economic and financial environment expected to be on a declining path. At the same time, nominal growth should reach 6.3% in 2018 and 4.2% in 2019.

The favourable economic cycle drives a strong evolution of **the labour market** and a continuous decline of unemployment. Total interior employment has increased by 3.7% in 2018, while it is forecast to slightly decelerate to 3.4% in 2019. In 2018, the unemployment rate settled at 5.2% , and looking forward to 2019, the rate is forecast to drop further to 4.7%.

In light of the most recent assumptions in the context of the macroeconomic forecasts, **headline inflation** (NICP) is expected to reach 1.7% in 2019, thus representing an increase compared to the 2018 rate of 1.5%. A new wage indexation adjustment is currently projected for the fourth quarter of 2019.

On the basis of the Commission methodology applied to STATEC's macroeconomic data, potential growth in Luxembourg is expected to reach 2.0% in 2018 and 2.6% in 2019. The output gap, which represents the difference between real GDP and potential GDP, settles at -0.1% in 2018 and at +0.3% in 2019.

¹ The *Note au Formateur* prepared by the *Comité économique et financier national* presenting macroeconomic and budgetary forecasts under a no-policy change scenario for 2018-2022 can be found here: <https://gouvernement.lu/dam-assets/documents/actualites/2018/12-decembre/05-pv-plainieres/2-annexes-aux-pv/Comite-economique-et-financier-national-Note.pdf>

² European Commission (February 2019): 1.9%/1.3%; IMF (January 2019): 1.8%/1.6%; OECD (November 2018): 1.9%/1.8%.

III. Budgetary objectives and policy

The coalition agreement for 2018-2023³ is globally a continuation of the previous Government's action and therefore continues to adhere to the same budgetary objectives as those set out by the previous Government programme, namely:

- i) Respect the medium-term objective (MTO) during the whole legislative term;
- ii) Make sure to keep public debt below 30% of GDP.

Notably, the coalition agreement underlines that the Government *“will take the necessary measures to respect the budgetary trajectory, the Stability and Growth Pact and the two objectives cited above”*.

Thus, the **budgetary policy's** ambition for 2019 is to maintain the positive trajectory of recent years. Based on the preparation work leading to the establishment of the draft budget 2019, the general government balance remains in surplus at 1.0% of GDP. This is lower than the nominal balance for 2018, estimated at 2.6%⁴ of GDP, which is mainly due to the discretionary measures decided by the Government and a conservative estimate of tax revenues⁵. Moreover, in 2018, central government is forecast to reach a surplus of 0.2% of GDP, for the first time since 2008. In 2019, the central government balance is expected to turn slightly negative at -1.1% of GDP.

Concerning **public expenditure**, it is expected to increase from 43.4% of GDP in 2018 to 43.9% of GDP in 2019, notably due to measures aiming to reinforce social cohesion and to pursue an ambitious investment rhythm, with a focus on projects promoting qualitative development (cf. table 5 for the details).

As for **public revenues**, the forecasts have been updated taking into account observed developments in 2018 as well as STATEC's most recent macroeconomic projections. Public revenues are expected to be around 45.0% of GDP in 2019, which represents a slight drop compared to 2018 (45.9 % of GDP). The key policy measures impacting public revenues are related to revenue estimates that could be qualified as prudent, to residual effects from previous reforms and notably the State's contribution to the increase of the minimum wage.

The **medium-term budgetary strategy**, going beyond 2019, is defined in the draft medium-term budget for 2018-2022. This draft law has been tabled to Parliament on 5 March 2019, in parallel with the draft budget for 2019⁶, and presents the medium-term budgetary planning in line with chapter V of the directive 2011/85 of 8 November 2011 on requirements for budgetary frameworks of the Member States.

³ The coalition agreement of the newly appointed Government is available here: <https://gouvernement.lu/en/publications/accord-coalition/2018-2023.html>

⁴ Some expenditure and revenue items may still be carried out until April 2019 with respect to the 2018 fiscal year.

² The fiscal performance in 2018 has been marked by strong fiscal revenues and, in accordance with the prudent practice of previous years, only a share of these gains are taken into account in the revenue estimates for 2019.

⁵ The draft budget for the year 2019 and the draft medium-term budget can be found here: <https://budget.public.lu>

Public debt is estimated to lower from 21.4% of GDP in 2018 to 20.2% of GDP in 2019. This forecast incorporates the repayment of debt over the course of 2019 and the absence of new funding needs at the central government level in 2019. Interest expenditure will remain constant in 2019 (0.3% of GDP), while even falling in absolute terms. Furthermore, Luxembourg holds financial assets totalling around 44% of GDP, of which about 33% of GDP stem from the *Fonds de compensation* in which Social security surpluses are set aside. Thus, in net terms, Luxembourg's financial situation continues to be positive to the extent that assets exceed liabilities.

With regards to the rules of the preventive arm of the **Stability and Growth Pact**, the following should be noted:

- **In 2019, Luxembourg continues to respect its MTO of -0.5% of GDP, while preserving a safety margin with respect to the minimal threshold.**

The structural balance is indeed expected to move from +2.6% of GDP in 2018 to +0.9% in 2019. This decrease is linked to the impact of both the cyclical and budgetary components on the structural balance, with the output gap moving from -0.1% of GDP in 2018 to +0.3% in 2019 and the general government surplus is expected to be lower.

- Given that the MTO is overachieved, the Stability and Growth Pact preventive arm's expenditure benchmark is unlikely to apply in the case of Luxembourg.

IV. Update of tables related to recommendations and targets set by the EU strategy for growth and employment “Europe 2020”

Regarding the country-specific recommendations adopted in the context of the 2018 European Semester, as well as the objectives set out in the Union strategy for growth and employment “Europe 2020”, several specific policy measures and action plans have been adopted and implemented over the past several years.

Tables 8 and 9 summarise the main measures taken from the 2018 National Reform Programme and updates them (state of December 2018). A fully updated version will be presented in April 2019, in conjunction with the 2019 National Reform Programme.

STATISTICAL ANNEX

1. Macroeconomic forecasts

Table 0. Basic assumptions

	Year 2017	Year 2018	Year 2019
Short-term interest rate (annual average)	-0.3	-0.3	-0.3
Long-term interest rate (annual average)	1.0	1.1	1.5
USD/E exchange rate (annual average)	1.13	1.18	1.17
Nominal effective exchange rate	1.02	1.02	1.02
Euro area GDP growth	2.4	1.8	1.5
Growth of relevant foreign markets	3.7	2.4	3.9
Oil prices (Brent, USD/barrel)	54	71	62

Table 1.a. Macroeconomic prospects

	ESA code	Year 2017	Year 2017	Year 2018	Year 2019
		Level	rate of change	rate of change	rate of change
1. Real GDP (reference year = 2010)	B1*b	47.962	1.5	3.0	3.0
2. Potential GDP		48.497	2.7	2.0	2.6
3. Nominal GDP	B1*b	55.299	3.7	6.3	4.1
Components of real GDP					
4. Private final consumption expenditure	P.3	15.506	3.0	5.0	4.3
5. Government final consumption expenditure	P.3	8.210	3.1	3.6	3.4
6. Gross fixed capital formation	P.51	9.870	4.9	-3.8	15.7
7. Changes in inventories and net acquisition of valuables (% of GDP)	P.52 + P.53	...	0.1	-0.1	-1.0
8. Exports of goods and services	P.6	99.646	-1.8	6.2	4.4
9. Imports of goods and services	P.7	86.790	-1.8	6.2	6.2
Contributions to real GDP growth					
10. Final domestic demand		...	2.1	1.5	5.0
11. Changes in inventories and net acquisition of valuables	P.52 + P.53	...	-0.3	0.0	0.0
12. External balance of goods and services	B.11	...	-0.6	1.6	-2.0

Table 1.b. Price developments

	ESA code	Year 2017	Year 2018	Year 2019
		rate of change	rate of change	rate of change
1. GDP deflator (2005=1)		2.2	3.2	1.1
2. Private consumption deflator		1.6	1.7	1.8
3. NICP		1.7	1.5	1.6
4. HICP		2.1	2.0	1.1
5. Export price deflator (goods and services)		5.2	2.8	1.3
6. Import price deflator (goods and services)		5.3	2.3	1.1

Table 1.c. Labour market developments

	ESA code	Year 2017	Year 2017	Year 2018	Year 2019
		Level	rate of change	rate of change	rate of change
1. Employment, persons (in 1000 pers.) ¹		432.736	3.4	3.7	3.4
2. Unemployment rate (%) ²		...	5.6	5.2	4.7
3. Labour productivity, persons ³		...	-1.8	-0.7	-0.4
4. Compensation of employees (billion EUR)	D.1	27.9	6.9	5.4	6.2
5. Compensation per employee (1,000 EUR/year)		68.6	3.3	1.4	2.5

¹ Active employed population, in thousands, national accounts definition

² Harmonized definition, Eurostat

³ Real GDP per person employed

2. Budgetary targets

Table 2.a. General government budgetary targets broken down by subsector

	ESA code	Year 2018	Year 2019
		% GDP	% GDP
Net lending (+) / net borrowing (-) (B.9) by sub-sector			
1. General government	S.13	2.6	1.0
2. Central government	S.1311	0.2	-1.1
3. State government	S.1312
4. Local government	S.1313	0.6	0.5
5. Social security funds	S.1314	1.8	1.8
6. Interest expenditure	D.41	0.3	0.3
7. Primary balance		2.9	1.3
8. One-off and other temporary measures	
9. Real GDP growth		3.0	3.0
10. Potential GDP growth		2.0	2.6
11. Output gap (% of potential GDP)		-0.1	0.3
12. Cyclical budgetary component		-0.1	0.1
13. Structural balance		2.6	0.9

Table 2.b. General government debt developments

	ESA code	Year 2018	Year 2019
		% GDP	% GDP
1. Gross debt		21.4	20.2
2. Change in gross debt ratio		-1.8	-1.2
Contributions to changes in the gross debt ratio			
3. Financing requirements of the central government		0.0	0.0
4. Denominator effect		-1.4	-0.8
5. Other		-0.2	-0.3
p.m.: implicit interest rate on debt ¹		1.5	1.2

¹ Equal to interest expenditure divided by the debt level of the previous year.

Table 2.c. Contingent liabilities

	Year 2017	Year 2018
	% GDP	% GDP
Public guarantees	7.4	...
Of which: linked to the financial sector ¹	4.6	...

¹ Including the credit line for the Single Resolution Fund.

3. Expenditure and Revenue Projections under the no-policy change scenario

Table 3. General government expenditure and revenue projections at unchanged policies broken down by main components

General government (S.13)	ESA code	Year	Year
		2018	2019
		% GDP	% GDP
1. Total revenue at unchanged policies	TR	45.88	45.05
Of which:			
1.1. Taxes on production and imports	D.2	12.1	11.8
1.2. Current taxes on income, wealth, etc.	D.5	16.6	16.4
1.3. Capital taxes	D.91	0.4	0.2
1.4. Social contributions	D.61	12.4	12.5
1.5. Property income	D.4	1.2	1.3
1.6. Other ¹		3.0	2.9
p.m.: Tax burden (D.2+D.5+D.61+D.91-D.995)		41.7	40.9
2. Total expenditure at unchanged policies	TE	43.3	43.5
Of which:			
2.1. Compensation of employees	D.1	9.2	9.3
2.2. Intermediate consumption	P.2	3.7	3.7
2.3. Social payments	D.621	19.9	20.2
of which: Unemployment benefits		0.7	0.7
2.4. Interest expenditure	D.41	0.3	0.3
2.5. Subsidies	D.3	1.3	1.1
2.6. Gross fixed capital formation	P.51	4.2	4.2
2.7. Capital transfers	D.9	1.1	1.2
2.8. Other		3.7	3.5
3. Financing capacity / requirements		2.6	1.5

4. Expenditure and Revenue targets

Table 4.a. General government expenditure and revenue targets, broken down by main components

	ESA code	Year 2018	Year 2019
General government (S.13)			
1. Total revenue target	TR	45.85	44.95
Of which:			
1.1. Taxes on production and imports	D.2	12.1	11.8
1.2. Current taxes on income, wealth, etc.	D.5	16.8	16.3
1.3. Capital taxes	D.91	0.4	0.2
1.4. Social contributions	D.61	12.4	12.5
1.5. Property income	D.4	1.2	1.3
1.6. Other ¹		3.0	2.9
p.m.: Tax burden (D.2+D.5+D.61+D.91-D.995)		41.7	40.8
2. Total expenditure target	TE ²	43.3	43.9
Of which:			
2.1. Compensation of employees	D.1	9.2	9.4
2.2. Intermediate consumption	P.2	3.7	3.8
2.3. Social payments	D.62 + D.632	19.9	20.2
of which Unemployment benefits ³		0.7	0.7
2.4. Interest expenditure	D.41	0.3	0.3
2.5. Subsidies	D.3	1.3	1.2
2.6. Gross fixed capital formation	P.51g	4.2	4.3
2.7. Capital transfers	D.9	1.1	1.2
2.8. Other ⁴		3.7	3.6
3. Financing capacity / requirements		2.6	1.0

¹ P.11+P.12+P.131+D.39rec+D.7rec+D.9rec (other than D.91rec)

² TR-TE= 3.9

³ includes cash benefits (D.621 and D.624) and in kind benefits (D.631, SEC2010: D.632) related to unemployment benefits.

⁴ D.29pay + D.4pay (other than D.41pay) + D.5pay + D.7pay + P.52+P.63+K.2+D.8.

Table 4.b Amounts to be excluded from the expenditure benchmark

	ESA code	Year 2017	Year 2017	Year 2018	Year 2019
		Level	% GDP	% GDP	% GDP
1. Expenditure on EU programmes fully matched by EU funds revenue		90.4	0.2	0.2	0.2
2. Cyclical unemployment benefit expenditure		426.7	0.8	0.7	0.7
3. Effect of discretionary revenue measures		349.0	0.6	0.2	-0.3
4. Revenue increases mandated by law	

Tableau 4.c General government expenditure by function

4.c.i) General government expenditure from the expenditure benchmark

	2018		2019	
	% GDP	% of general government expenditure	% GDP	% of general government expenditure
Education	4.7	10.9	4.8	10.9
Health	4.9	11.3	5.0	11.3
Employment	1.2	2.7	1.1	2.6

Table 4.c.ii Classification of the functions of the Government

Functions of the Government	COFOG code	2018	2019
		% GDP	% GDP
1. General public services	1	5.0	5.0
2. Defense	2	0.5	0.5
3. Public order and safety	3	1.1	1.1
4. Economic affairs	4	5.8	5.9
5. Environmental protection	5	1.0	1.0
6. Housing and community amenities	6	0.6	0.6
7. Health	7	4.9	5.0
8. Recreation, culture and religion	8	1.3	1.3
9. Education	9	4.7	4.8
10. Social protection	10	18.5	18.8
11. Total expenditure	TE	43.3	43.9

5. Description of discretionary measures included in the draft budget

Table 5. Discretionary measures taken by the Central government

List of measures	Detailed description	Target (Expenditure/Revenue component)	Accounting principle	Adoption Status	Budgetary impact	
		ESA code			2019	
					In mio	% GDP
REVENUES						
Package of measures pertaining to indirect taxes	Package of measures concerning VAT, increase in excise duties on fuels	D.2	Cash	Draft budget	3	0.0
Package of measures pertaining to direct taxes	Increase in the minimum social wage by € 100 through tax credits	D.5	Cash	Draft budget	-60	-0.1
TOTAL - Revenues					-57	-0.1
EXPENDITURE						
Wage agreement between the Government and the Civil Service trade union	Abolition of measures pertaining to the traineeship period as well as meal allowance increase by 60 euros	D.1	Cash	Adopted law	61	0.1
Increase in public operating expenditure	Digitalisation, electronic infrastructure, sustainable finance, integration, expert fees, academic quality	P.2	Cash	Draft budget	52	0.1
Public investments in various areas	Implementation of an automated control and sanctions system (road radars); public procurement; investments related to x-ray machines; investments in the Biotechnology sector	P.51	Cash	Draft budget	40	0.1
Subsidies	subsidising the reorganization of a regional transport network, additional subsidies to the audiovisual sector	D.3	Cash	Draft budget	30	0.0
Financing a number of modernisation measures	construction of new wind turbines; development of 5G data highways	D.9	Cash	Draft budget	11	0.0
Additional social measures for the unemployed	change in the method of calculating the compensatory allowance, easing of the conditions for granting certain allowances, vocational training during the notice period, revaluation of careers, assistance for employment inclusion	D.6	Cash	Draft budget	6	0.0
Current transfers	Transfers to the sector of non-profit institutions serving households; revaluation of industrial sites	D.7	Cash	Draft budget	47	0.1
Total - Expenditure					247	0.4
TOTAL					304	0.5

6. Divergence from latest Stability Programme

Table 6. Divergence from latest Stability Programme

	ESA code	Year 2017	Year 2018	Year 2019
		% GDP	% GDP	% GDP
Target general government net lending / net borrowing	B 9			
19th update of the Stability Programme		1.5	1.1	1.4
2018-2019 Draft budgetary plan		1.4	2.6	1.0
Difference		-0.2	1.5	-0.3
General government net lending projection at unchanged policies	B 9			
19th update of the Stability Programme		1.5	1.1	1.4
2018-2019 Draft budgetary plan		1.4	2.6	1.5
Difference		-0.2	1.5	0.2

7. Methodological aspects

Table 7. Methodological aspects

Estimation technique	Phase of the budgetary procedure for which it has been used	Relevant feature of the model/technique used	Assumptions
Macroeconomic forecasts	For the purpose of the elaboration of the draft budget 2019	STATEC's macroeconomic model ("Modus")	External assumptions admitted for a certain number of variables (e.g. euro area growth, stock market development, etc.).
Output gap calculation	For the purpose of the elaboration of the draft budget 2019	Integration of STATEC's macroeconomic forecasts into the European Commission's model	European Commission data up to and including 2017 STATEC's macroeconomic forecasts for the following years
Budgetary revenue estimation	For the purpose of the elaboration of the draft budget 2019	Use of parametric equations and microeconomic information	Macroeconomic forecasts Microeconomic and historical data
Budgetary expenditure estimation	For the purpose of the elaboration of the draft budget 2019	Bottom-up estimations	Employment, inflation, salary indexation, population and other relevant data by category of spending
Impact of discretionary measures	For the purpose of the elaboration of the draft budget 2019	Bottom-up estimations	...

Table 8: The “2018-2019 country-specific recommendations” for Luxembourg (December 2018 version)

Note: This table summarises the main measures taken from the National Reform Program and updates them (state of December 2018). An updated version will be published in April 2019, in conjunction with the 2019 National Reform Programme.

The 2018-2019 country-specific recommendations for Luxembourg:

- 1. Increase the employment rate of older people by enhancing their employment opportunities and employability while further limiting early retirement, with a view to also improving the long-term sustainability of the pension system.*
- 2. Further reduce regulatory restrictions in the business services sector.*

Recommendation number	List of the main measures to use	Description of direct contribution
<p>1.</p> <p>Increase the employment rate of older people by enhancing their employment opportunities and employability while further limiting early retirement, with a view to also improving the long-term sustainability of the pension system.</p>		
	<p>Follow-up of the pension insurance reform that came into effect on January 1, 2013.</p> <p>Establishment of a "Pensions Group" (April 2016): The Pensions Group submitted its report to the Government in June 2018 after an in-depth analysis by the experts in this group and related discussions (https://gouvernement.lu/fr/publications/rapport-etude-analyse/igss/rapport-du-groupe-de-travail-pensions/2018/rapport-du-groupe-de-travail-pensions.html).</p>	<p>Increase the effective retirement age by considering changes in life expectancy and adjust pensions to the pension plan's position in the national budget.</p> <p>Check the consistency of the provisions introduced by the reform that came into force on 1 January 2013 on the basis of an actuarial opinion prepared by the IGSS and presented in December 2016, including the readjustment mechanism, and decide on the need for implementing possible modifications of the regime.</p>
	<p>The law dated 20 July 2017 to combat long-term unemployment.</p>	<p>Encourage the return to employment of long-term unemployed persons, in particular older unemployed persons, through job creation assistance.</p>
	<p>Reform of the occupational reclassification system via the law dated 23 July 2015.</p>	<p>Provide additional incentives to delay retirement age by speeding up procedures, better safeguarding the rights of people in outplacement and providing the necessary conditions to prioritize internal redeployment and consequently job retention.</p>

	Professionalization placement programmes for job seekers aged at least 45, those in an external reclassification procedure, or who have the status of disabled employee (in effect since January 1, 2016).	Offer the opportunity to job seekers to highlight their professional abilities within a company by means of an internship of a maximum duration of six weeks.
	Professional reinsertion contracts for job seekers aged at least 45, those in an external reclassification procedure, or who have the status of disabled employee (in effect since 1 January 2016).	Provide the opportunity for job seekers to improve their professional knowledge and skills within a company (maximum duration of 12 months).
	Reform the early retirement schemes (Law dated 30 November 2017): better targeting of employees who work hard and better assimilation of the working conditions of employees, while promoting the retention of older people in working life.	Abolish the early retirement-solidarity system and adapt other early retirement schemes.
	The national Strategy for lifelong learning (LLL).	Support and enhance lifelong learning.
	Reform of the long-term care insurance system (Law dated 12 July 2017).	Greater individual focus on supplying quality services for meeting the daily needs of each person, bolstering quality through clear standards and criteria with adequate controls, a simplification of procedures and consolidation of the system in the light of societal changes and the respect for the fundamental principles of the 1998 Base Law.
2. <i>Further reduce regulatory restrictions in the business services sector</i>		
	Draft law n°6795 amending the law dated 13 December 1989 on the organisation of the professions of architect and consulting engineer.	Remove regulatory restrictions in the business services sector.
	Work started on a draft law on the modernization of the business establishment: work began in the second half of 2017. The Law dated 18 July 2018 amending Paragraph 1 of the amended law dated 29 June 1989 on the reform of the cabaret regime; Paragraph 2 of the amended law dated 2 September 2011 regulating access to the professions of craftsmen, retail trades, industrial operators and certain independent professions; and Paragraph 3 of the law dated 23 December 2016 on promotion sales and sidewalk sales and on misleading and comparative advertising recommends certain simplifications of the procedure.	Adapt the business establishment law to socio-economic realities and technical developments, while maintaining legal requirements in terms of professional qualifications, thus increasing the chances of success for entrepreneurs wishing to set up their own business. The law eliminated the professional qualifications requirement for simple retail activities and services, which made it possible to eliminate other specific procedures such as special authorizations to participate in fairs and markets, general consulting and economic consulting.

		<p>The same law has also made it possible to modernise existing legislation governing major retail operations, by repealing the special authorisation procedure for supermarkets.</p> <p>In order to facilitate economic development in the business services sector, this legislation also allowed for the repeal of protected "advisory" and "economic consulting" labels.</p>
	<p>Examination of the general opening hours regime: a study has been conducted in 2018 by the Luxembourg Institute of Socio-Economic Research (LISER), the results of which have been communicated to the Ministry of the Economy.</p>	<p>Carry out a comprehensive review of the issue of opening hours and its implications, including on the social level, for the employees concerned.</p>
	<p>Territorial Supply Restrictions (TSC)</p> <ul style="list-style-type: none"> - Publication of the report of the Benelux General Secretariat on the TSC issue in the Benelux retail market supply chain (May 2018) and publication of a national report by the Government Price Formation Observatory, based on the data from the Benelux survey, analysing in more detail the nature and extent of territorial supply constraints in Luxembourg (June 2018). - Further work: Assessment of current political and legal options at national and Benelux level 	<p>To analyse territorial supply constraints and to formulate any necessary solutions for improving the conditions of supply (price, offer, etc.) of companies in the Benelux.</p> <p>Seek out solutions for the problems identified in the studies cited above.</p>

Table 9: “Europe 2020 National Objectives” for Luxembourg

Note: This summary table considers the main measures derived from the 2018 National Reform Programme and provides an update (state of December 2018). An updated version will be published in April 2019, in conjunction with the 2019 National Reform Programme.

National objectives	List of the principal measures	Description of measures
<p>National employment objective 73% for 2020</p>	<p>Implementation of the Equality Plan for Women and Men (2015-2018).</p> <p>Law of 15 December 2016 reinforcing the principle of equal pay for men and women.</p> <p>Positive Actions Programme.</p> <p>Personalised path as part of the reform of the ADEM (fully rolled out in December 2015).</p> <p>Launch of the interactive "Job Board" platform (March 2016).</p> <p>"Companies as partners for employment" programme bringing together the Union of Luxembourg Enterprises (UEL), the Government and ADEM (2018-2020).</p> <p>Expansion of the "Guarantee for Youth" programme to young people up to 30 years old.</p> <p>Draft law 7265 on the regulation of internships.</p>	<p>Increase levels of equality between women and men.</p> <p>Increase the employment rate of women by facilitating the integration of women into employment.</p> <p>Encourage companies to promote gender equality.</p> <p>Qualitatively improve support for job seekers within ADEM by personalising monitoring of job seekers' actions.</p> <p>Increase chances of meeting between employers and job seekers.</p> <p>Adapt ADEM's offers, including training, to the needs of companies.</p> <p>Offer young people up to the age of 30 high quality service for their integration into professional life, for their return to school, for an apprenticeship, a qualifying formation or support in developing a personal and professional project.</p> <p>Introduce a high-quality transparent framework that facilitates the transition between the worlds</p>

	<p>Development of ADEM's language training offer, both internally and externally.</p> <p>Multiplication of job seeker training initiatives: partnerships with major training institutes.</p> <p>Pilot project to support and encourage companies to develop the skills of employees to enable them to work in the wake of rapid technological transformation.</p> <p>Measures and actions favouring the 2014-2020 European Social Fund Operational Programme.</p> <p>Introduction of optional individual taxation (2017 tax reform).</p> <p><i>(see also the measures implemented by the Government under country specific recommendation No. 1)</i></p>	<p>of education and work while ensuring the quality of internships and the legal safety of the various stakeholders.</p> <p>Offer job seekers with an immigrant background courses on the language used in Luxembourg.</p> <p>Provide targeted training to address the skills gaps in the job market and provide a specific employment perspective.</p> <p>Develop the skills of employees in line with technological development.</p> <p>Develop the sustainable professional integration of young people under 30 years old, people far removed from the labour market and job seekers and employees over 45 years of age.</p> <p>Increase the employment rate, especially the employment rate of women.</p>
<p>National R & D objective 2.3-2.6% for 2020 (0.7% to 0.9% for the public sector)</p>	<p>1. <u>For the public research sector</u></p> <p>Drawing up of the University of Luxembourg development contract for 2018-2021 and the public research centres (CRP) and the FNR multi-year agreements for 2018-2021.</p> <p>Foreign partnerships, such as with ANR, BELSPO, etc., International research networks like the ALL, COST, etc.</p>	<p>Increase the efficiency of research systems, in particular by ensuring greater consistency amongst contracts of various players, with identical definitions of objectives and indicators.</p> <p>Optimise transnational cooperation and transnational actions.</p>

	<p>entities and cross-border initiatives like the University of the Greater Region and others.</p> <p>Development of human resources policies at the University of Luxembourg and the CRPs, including open and transparent merit-based recruitment measures in line with the guidelines of the European Charter for Researchers and the Code of Conduct for the Recruitment of Researchers.</p> <p>Develop an environment conducive to the growth of scientific and technological employment:</p> <ul style="list-style-type: none"> - ATTRACT and PEARL Programmes - INTER Mobility Programme - PRIDE Programme - etc. <p>Minimum representation of 40% of the under-represented sex in the Board of Governors of the University of Luxembourg, the boards of directors of public research centres and the FNR, quantified objectives in the performance contracts, etc.</p> <p>Grouping of the participants in higher education, research and innovation at the Belval Science Centre, Cluster Luxembourg initiative to accelerate the application of knowledge and best practices, transition to the "Open Access" concept, etc.</p> <p>Programmes for making bilateral or multilateral arrangements for project tenders in collaboration with other national or international funding bodies such as INTER and INTER Mobility.</p> <p>Digital resources: The Consortium Luxembourg for the acquisition and management of electronic publications, which is a department of the National Library (BnL), will continue to increase its offer of electronic publications in 2019 (www.consortium.lu/about). While targeted at scientific audiences of the University of Luxembourg, the <i>Luxembourg Institute of Science and Technology</i> (LIST) and the</p>	<p>Open up the job market for researchers.</p> <p>Develop the job market for researchers.</p> <p>Promote gender equality and integrate gender into research content.</p> <p>Optimise the dissemination, accessibility and transfer of scientific knowledge.</p> <p>Strengthen the international dimension of the European Research Area (ERA).</p> <p>Quantitative increase of the offer in all knowledge areas. Remote access for users from Consortium member organisations as far as the intellectual property rights allow. Service improvements by exploiting progress by ICTTIC. Continuation of exhaustive monitoring, in particular of costs, started in 2018 with a view to transition towards</p>
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	<p><i>Luxembourg Institute of Health (LIH)</i>, the Consortium's offer is accessible to the general public using the BnL. The Max Planck Institute Luxembourg has been an associated member since 2007.</p> <p>The Ministry for the Civil Service has delegated to the BnL the task of creating and managing a digital governmental library (<i>bibgov.lu</i>) to be put at the disposal of ministerial departments and administrations.</p> <p>Implementation of the national digital strategy of State cultural institutes defined in 2018 to facilitate the availability of necessary resources to develop research projects in the area of <i>Digital humanities</i>.</p> <p style="text-align: center;">2. <u>For the private research sector</u></p> <p>Law on the promotion of RDI (June 2017).</p> <p>The High Performance Computing (HPC) and big data enabled applications strategy.</p> <p>National Composites Centre Luxembourg: regroups a research platform, an NGO in charge of enlivening the sector and an <i>Industrial Advisory Group</i>.</p>	<p>an "Open access" environment. Extension of services provided by the Consortium to the public research centre LISER.</p> <p>Development of <i>bibgov.lu</i> via the extension of the offer to new thematic areas beyond law.</p> <p>Archiving of digital resources, quantitative and qualitative increase of digitised documents. Implementation of new services and digital platforms. Development of synergies at national level. Collaboration with university and research institutions in Luxembourg (University of Luxembourg, Fonds national de la Recherche) and abroad.</p> <p>Encourage companies of all sizes to cooperate with public and private actors in innovating with services and products, as well as in production processes.</p> <p>Stimulate new HPC uses by industry and ensure access to world-class facilities for public and private research entities. The implementation of such a Competence Centre aims to actively support the digital transformation of the Luxembourg economy.</p> <p>Promote cooperation between public and private actors in the field of composite materials.</p>
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	<p>"Additive manufacturing": initiative of the Materials and Production Technologies cluster - inventory of available and desired equipment that manufacturers would like to acquire.</p> <p>"Industry 4.0": Materials and production technologies cluster project.</p> <p>Development of the Joint Research Programme.</p> <p>Establishment of the Institute of Intellectual Property Luxembourg (2014, fully operational in early 2016).</p> <p>Luxembourg cluster initiative: <i>Materials</i> and Production technologies, Eco-innovation, Bio Health, ICT, automotive components, wood and creative industries.</p> <p>Initiative DIH (Digital Innovation Hub)</p> <p>Luxembourg Space Agency.</p>	<p>Identify the needs of industrial operators in the sector.</p> <p>Identify relevant RDI projects, stimulate activities through workshops and encourage the implementation of projects through instruments provided by the RDI law.</p> <p>Promote long-term PPP relations between research and technology and industry organizations and increase the attractiveness of Luxembourg as a recognized hub dedicated to technological research.</p> <p>Foster the development of intellectual property for the needs of the economy, bringing together national and international skills to form a coherent set and make them available to economic and institutional players as a growth driver.</p> <p>Diversify the economy, while focusing on a limited number of specific sectors.</p> <p>Establishment of a platform with a view to ensure the necessary support for Luxembourg SMEs for integrating digital and innovative technologies, products and business models in their activities.</p> <p>Diversify the economy through the development of the space sector, in particular by intensifying R & D activities.</p>
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	<p>Support for start-ups:</p> <ul style="list-style-type: none"> - implementation of the ICT Digital Tech Fund - The Fit4Start programme <ul style="list-style-type: none"> - The Tomorrow Street Innovation Centre - etc. <p>SME support programmes with the help of Luxinnovation:</p> <ul style="list-style-type: none"> - The Fit4Digital programme - the Fit4Innovation programme - SME Instrument (timeline of 2020) - etc. <p>Incentive and supervision of the participation of Luxembourg companies in Horizon 2020 European programmes.</p> <p>The Smart Specialisation strategy: publication at end of 2017.</p>	<p>Space resources initiative:</p> <ul style="list-style-type: none"> - Promotion of international cooperation - Establishment of a clear legal framework - Education with a view to a specialised and engaged labour force - Provide dedicated support to industrial research and development activities - Development of investment instruments focused on commercial space. - Space Fund <p>Support start-ups.</p> <p>Extension of the programme to encompass the Biotech/Health technologies sector and increase the number of approved start-ups: from ten start-ups per year to 25 (20 in the ICT sector and 5 in the Biotech sector).</p> <p>Support SMEs and encourage them to innovate.</p> <p>Support Luxembourg's participation in European programmes and increase the success rate.</p> <p>Stimulate certain priority sectors, encourage companies of all sizes to cooperate with public and private actors in innovating with services and products, as well as in production processes.</p>
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<p>National goal to reduce greenhouse gas emissions reduction of non-ETS emissions by 20% compared to 2005 (emissions of about 8,117 Mt CO₂-equivalent by 2020)</p>	<ul style="list-style-type: none"> - <u>Draft National Plan for Sustainable Development (PNDD)</u>: The priority area of action 8 "Protecting the climate, adapting to climate change and ensuring sustainable energy" provides for a third climate plan (see below) with sectoral guidelines as its main objectives, as listed below: <ul style="list-style-type: none"> - housing and consumption - mobility and transport - economy and energy - agriculture and food - <u>Non-ETS greenhouse gases</u> <p>Draw up a third Climate Plan that incorporates a longer-term vision (2050) for de-carbonising the economy.</p> <p>First draft of the National Integrated Energy-Climate Plan 2021-2030 (NECP) for the end of 2018 as part of the future Regulation on the Governance of the Energy Union and Action for the Climate.</p> <ul style="list-style-type: none"> - <u>Public transport and mobility</u> <p>Promotion of the use of public transport and soft mobility: MoDu strategy initially published in 2012 and introduced in May 2018 of the new Modu 2.0 strategy highlighting the progress made since 2012. The strategic goal for 2025 is to reduce congestion during peak hours while carrying 20% more people than in 2017.</p> <p>Implementation of a tram in the City of Luxembourg (first section inaugurated at the end of 2017).</p> <p>Implementation of the Transport Sector Plan (PST) for the MoDu strategy.</p>	<p>Reduce GHG emissions in the sectors of energy production and combustion (including transportation and buildings) and agriculture.</p> <p>Strategic guidance provided by the Third Climate Plan for the decarbonisation component of NECP.</p> <p>Develop an efficient public transportation infrastructure to reduce GHG emissions by reducing individual transportation.</p> <p>Develop an efficient public transport system that takes into account the economic and demographic development of the capital and the country.</p> <p>Provide a regulatory framework for the MoDu strategy measures to set aside corridors for rail and road infrastructure.</p>
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	<p>- Spatial planning:</p> <p>Overhaul of the « Programme directeur de l'aménagement du territoire » (National spatial planning strategy)</p> <p>Territorial conventions between Central Government and municipalities</p>	<p>The program defines an integrated strategy of the sectoral plans that have an impact on land use, and fixes the guidance, political objectives and local and central government actions to be taken in the context of the objectives laid out in article 1 of the new law regarding land use planning of 17th April 2018 with a view to:</p> <ul style="list-style-type: none"> - ensure optimal living conditions to the population as a whole through highlighting and developing in a sustainable fashion all parts of the national territory; - steer and concentrate land use to the most appropriate areas of the national territory; - proceed to the observation and follow-up of the evolution of land use and to ensure the coordination of sectoral policies that have an impact on land use at the municipal, intermunicipal, national, cross-border and international levels; - ensure rational soil use and concentric and coherent urban development and encourage municipalities to define municipal strategies. <p>One of the primary objectives of territorialconventions between the central Government and municipalities is the promotion of the use of sustainable modes of transport. Studies regarding cycling opportunities have been initiated in the three major development areas of the "Nordstad", Luxembourg-City and the Southerm region.</p>
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	<p>- <u>Residential and administrative buildings</u></p> <p>Implementation of the Housing Sector Plan (PSL).</p> <p>Gradual increase in energy performance requirements for new residential buildings (mandatory energy class AA for new construction since 2017).</p> <p>Climate Bank and sustainable housing bonus package:</p> <ul style="list-style-type: none"> - Climate Bank - "PRIME House" - Sustainability certification system for new housing (LENOZ) <p>Administrative buildings: completion of an inventory of central state buildings covered by the European Energy Efficiency Directive, and progressive strengthening of energy performance requirements for new administrative buildings.</p> <p>- <u>Municipalities (local level)</u></p> <p>Climate pact with the municipalities.</p> <p>- <u>Energy</u></p> <p>New integrated climate and energy strategy for Luxembourg: first draft of the National Integrated Energy-Climate Plan 2021-2030 (NECP) for the end of 2018 as part of the future Regulation on the Governance of the Energy Union and Action for the climate.</p> <p>- <u>Industry</u></p> <p>EU emissions trading scheme (ETS).</p>	<p>Set aside areas to accommodate housing and prescribing sustainability criteria to be used when implementing priority projects for housing.</p> <p>Increase the energy performance requirements for new residential buildings.</p> <p>Promote sustainable construction, sustainable energy-efficient renovation of existing residential buildings and the development of renewable energies in the housing sector.</p> <p>Gradually strengthen the requirements for energy performance.</p> <p>Reduce GHG emissions and energy costs in municipal areas, stimulate local and regional investments, ensure better air quality (introduced in 2017) and integrate the concept of circular economy (introduced in 2018).</p> <p>Establish a National Plan in relation to the future European Energy Union.</p> <p>Apply the ETS.</p>
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	<p>Establishment of an energy audit system in large companies.</p> <p>Promotion of environmental technologies.</p>	<p>Establish an energy inventory of facilities and recommend energy efficient solutions and use of renewable sources.</p> <p>Improve energy efficiency and the implementation of new or renewable energy sources in participating companies of the industrial sector.</p>
<p>National Renewable Energy Objective 7.47% on average for 2017/2018 11% for 2020</p>	<p>National action plan for renewable energies</p> <p>- <u>Development of renewable energies on national territory</u></p> <p>Develop renewable energies on national territory.</p> <p>A first call for tenders for large solar systems has been launched in 2018. With this new call for tenders, 15 MW of new solar plants have been awarded by the end of 2018, representing approximately 10% of the current solar power generation.</p> <p>Electric mobility: monitoring the deployment of 800 public charging stations for cars powered by an electric motor as well as for chargeable hybrid electric cars (plug-in hybrid cars). The first terminals, known as "Chargy" terminals, were installed in early 2017 and as of September 2018, 25% of the kiosks have been rolled out; evaluation of the available strategies for implementing a fast charging infrastructure, as an ultra-fast structure, on motorway service areas and development of a clear and consistent framework for private charging facilities, such as at home or at the workplace.</p>	<p>Achieve the Luxembourg national objective set by Directive 2009/28 / EC.</p> <p>Implementation of new financial instruments in the context of developing renewable energies (Grand-Duchy Regulation dated 24 April, 2017 amending the amended Grand-Duchy Regulation of 1 August, 2014 relating to the production of electricity based on the sources of renewable energy). A first call for tenders was launched in 2018 in the field of large photovoltaic installations.</p> <p>Change in compensation for renewable electricity production with a view to increasing its growth.</p>

	<ul style="list-style-type: none"> - <u>Blend of biofuels in fuels released for sale at the national level</u> <p>Achieve 10% blending by 2020 (2018: 5.7%).</p> <ul style="list-style-type: none"> - <u>Use of cooperation mechanisms</u> <p>Conclusion of two cooperation agreements on statistical transfers of energy produced from renewable sources to meet the objectives of Directive 2009/28 / EC: in achieving its objectives, Luxembourg was the first EU Member State to sign two statistical transfer agreements with Lithuania and Estonia in 2017, in addition to its national effort. Both agreements provide for the mandatory transfer of a minimum volume of renewable energy target amounts and an option for transferring maximum quantities in 2018-2020. This is a clear signal for increased European cooperation in the field of renewable energies.</p>	<p>Regulate the blending of biofuels in domestically delivered fuels by gradually increasing the share of biofuels.</p> <p>Identify renewable energy quantities to be transferred under the cooperation agreements for the year 2018.</p>
<p>National energy efficiency objective National indicative target for 2020: final energy consumption of 49,292 GWh (4,239.2 ktoe)</p>	<p>Fourth National Energy Efficiency Action Plan (2017).</p> <ul style="list-style-type: none"> - <u>Energy performance of buildings</u> <p>(Note: See national goal for reduction of greenhouse gases). Increase the energy performance of new and existing buildings.</p> <ul style="list-style-type: none"> - <u>Voluntary agreements with industrial companies</u> <p>New voluntary agreements in the industrial sector (2017-2020).</p>	<p>Improve energy efficiency in accordance with Directive 2012/27 / EU and achieve the EU's goal of achieving a 20% cut in annual energy consumption.</p> <p>Refinement of the rules concerning the energy performance of almost zero-energy residential buildings and reform of calculation rules for administrative buildings.</p> <p>Increase the commitment of member companies to improve energy efficiency and the implementation of new or renewable energy sources.</p>

	<ul style="list-style-type: none"> - <u>Obligation of energy efficiency mechanisms for energy suppliers</u> - <u>Smart electricity and natural gas meters</u> <p>Implement a common and interoperable national smart metering infrastructure and then actively engage the end user in the electricity and natural gas markets.</p> <ul style="list-style-type: none"> - <u>Implementation of the "Third Industrial Revolution" study (2016)</u> <p>Follow-up of the implementation of specific projects on the "Energiezukunft Lëtzebuerg" thematic platform.</p> <p>Integration of new concepts, such as individual and collective self-consumption within an energy community, or the national computer platform for energy data: Reform of the amended Act of 1 August 2007 on the organization of the electricity market introduced in the legislative procedure in early 2018.</p>	<p>Monitor and improve the obligation mechanism.</p> <p>Monitoring the widespread installation of smart joint metering by gas and electricity network operators since July 2016. Replacement of at least 95% of the old electricity meters will extend until 31 December 2019. As regards natural gas, the replacement of at least 90% will extend until 31 December 2020.</p> <p>Thematiser all the strategic aspects of energy transition in the medium and long term, as well as the implementation of the "Internet of Energy" in Luxembourg.</p> <p>Integrate new concepts into the organization of the electricity market.</p> <p>Promote the self-consumption of renewable electricity and the exchange of energy.</p>
<p>National school dropout rate goal Sustainably maintain school dropout rates below 10%</p>	<p>Multilingual education program for 1-4-year-olds and improved access to education and reception facilities by offering 20 free hours a week from the age of 1 year (autumn 2017).</p> <p>Reforms in secondary education defining the contours of a more modern high school, closer to its staff and students and better prepared to face the challenges of modern society (2017).</p>	<p>Support young children in their language development and prepare them for the multilingual context of society and school.</p> <p>Promote the diversity of academic studies and the autonomy of high schools, with a view to increasing the chances of success for all students.</p>

	<p>Development of the European and international school offer in public education.</p> <p>Obligation to thematise the prevention of school dropout as part of school development plans at the level of schools and high schools.</p> <p>Preventive measure to address dropping out of school: Professional introduction courses in various trades (IPDM)</p> <p>Relay Classes or Mosaic Classes.</p> <p>Second chance school.</p> <p>Local Action for Youth activation programmes.</p> <p>Implementation of the "upskilling pathways" training course to bolster skill levels in adult education.</p> <p>Establishment of a School Mediator at the Ministry of Education, Children and Youth via the law of 18th June 2018 (http://legilux.public.lu/eli/etat/leg/loi/2018/06/18/a548/fo)</p>	<p>Take into account the needs of pupils from immigrant backgrounds and families who settle in Luxembourg for a fixed period.</p> <p>Assimilate the individual needs of students better.</p> <p>Predict dropout by focusing on students who do not qualify for vocational training or who do not have the skills to access the labour market.</p> <p>Prevent dropping out of school with a temporary individualized care plan of 6-12 weeks.</p> <p>Take charge of 16-30-year olds who have dropped out of school without recognised certification or who do not find an apprenticeship.</p> <p>Support young people in their transitions from school to work.</p> <p>Extend and adapt the course offer for the second qualification track.</p> <p>The School Mediator's mission consists in receiving complaints by individuals, such as parents of underage students, adult students and other agents of the education community when they feel that a school has not given a student the opportunities to get the best possible education. The School Mediator verifies, among others, whether existing resources were not correctly used, whether legislation was wrongly applied etc. This independent office intervenes if the persons responsible for the respective school or the concerned service of the national</p>
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		education ministry did not respond to the complaint in a satisfactory manner.
National objective higher education Ensure that with the onset of 2020, 66% of the labour force between the ages of 30 and 34 receive university education and earn university degrees.	Expansion of the offer of public and private higher education programs in Luxembourg. Development of university medical studies. Review of quality assurance procedures for higher education (Law of 23 July 2016). Strengthening the financial resources of higher education and research in Luxembourg (increase from €72 million in 2009 to €173.5 million in 2018).	Increase the level of training of the population in order to better match the peoples' qualifications with requirements on the labour market. Contribute to sustainably maintaining the number of doctors in Luxembourg. Develop a quality ethos in the higher education sector. Increase the R & D capacity in higher education as well as the number of students.
National poverty goal Supporting the European Council's conclusions by increasing measures, including those focusing on the employment rate of women and single-parent families, to achieve an employment rate of 73% in 2020. Reduce the number of people at risk of poverty or social exclusion by 6,000 by 2020.	Parental leave reform aimed at making periods more flexible and creating real replacement income (effective 1 December 2016). Modifications to a series of extraordinary leave processes, including paternity leave (ten working days) and family leave. Implementation of the social inclusion income (REVIS) by the Law of 28 July, 2018, which will replace the guaranteed minimum income mechanism (RMG) from 1 January, 2019. Draft law modifying article 222-9 of the Labour Code.	Promote the reconciliation of family and professional life, in particular with a view to the financial independence of parents. Promote the reconciliation between family and professional life. The Guaranteed Minimum Income mechanism (RMG) has been revised through four objectives: to implement a social inclusion approach; to establish a consistent system of stabilisation, social activation and professional reintegration policies; act against poverty affecting children and single-parent families; implement administrative simplification measures. Given that wage growth between 2016 and 2017 was +1.1%, the draft law aims to increase the minimum wage by +1.1% as of 1 st January 2019. The Council of Government decided to increase in parallel the social inclusion income (REVIS) and the allowance for the severely disabled by +1.1% as of 1 st January 2019.

	<p>Draft law modifying 1. The law of 28th July 2018 regarding the social inclusion income; 2. The modified law of 12th September 2003 regarding disabled people.</p> <p>Encourage employers in the public and private sectors to hire people with disabilities; a draft law to provide assistance for inclusion in employment was submitted in March 2018.</p> <p>Pursuit of the policy of offering socio-educational facilities for children aged 0-12 years.</p> <p>Making beneficiary parents of the RMG (future REVIS) system aware of using welcome centre cheques.</p> <p>The REVIS aims to strengthen activation rates of the beneficiaries of this service.</p> <p>Renewal of the cost of living allowance and adaptation of the eligibility criteria for 2019.</p> <p>Promotion of measures to encourage the transition of young people from school to work and to motivate them to return to school, especially young NEETs and dropouts.</p>	<p>The draft law aims to increase the basic amounts for calculating the social inclusion income and allowance for the severely disabled by +1.1% in line with the proposed adaptation in the draft law modifying article 222-9 of the Labour Code, which lifts the rate of the social inclusion income.</p> <p>This project aims to facilitate integration and job retention of people qualified as disabled or externally reclassified employees by creating an activity called "assistance for inclusion in working life". It aims to encourage companies to hire more employees with disabilities and / or who have been externally reclassified by offering them the services of an authorized external expert to support the process of professional inclusion in a company of one or more employees with disabilities or employees being reclassified externally.</p> <p>Increase the employment rate of women and single-parent families; break the cycle of intergenerational transmission of poverty; promote social inclusion and social cohesion in a multicultural society.</p> <p>Increase the availability of parents for the job market; to promote social inclusion and social cohesion in the multicultural society.</p> <p>Promote access to employment and social inclusion.</p> <p>Promote social inclusion.</p> <p>Promote the social inclusion of young people.</p>
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	<p>Social Welfare Act - non-repayable financial relief by the Social Welfare Offices and Third Party Insurance System (€3.4 million euros of non-repayable financial assistance in 2017).</p> <p>Continued implementation of the national strategy against homelessness and housing-related social exclusion (2013-2020).</p> <p>Housing assistance: Entry into force of the Law to revise rent subsidies (2018).</p> <p>European Fund for Aid to the Most Deprived (FEAD): Food aid and / or basic material assistance to the neediest (2015).</p> <p>Reception of refugees and applicants for international protection: increase in the number of staff of the Luxembourg Office for Reception and Integration (OLAI), increase of the financial endowment of the Luxembourg Centre for Integration and Social Cohesion (LISKO), implementation of a supported integration programme (PIA) for applicants and beneficiaries of international protection.</p> <p>Establishment of a new multi-year National Integration Action Plan. Its objectives are to provide a panoply of measures for the integration of non-Luxembourgers as well as to structure and coordinate efforts at the national, regional, local and civil society levels.</p>	<p>Reduce situations of material deprivation and promote social inclusion.</p> <p>Reduce homelessness and social exclusion related to housing.</p> <p>Increase the number of potential beneficiaries who can obtain rent subsidies.</p> <p>Respond to distress situations relating to food and basic materials goods.</p> <p>Ensure a dignified and high-quality welcome for refugees. Prepare and facilitate the social and professional integration of migrants through language courses adapted to skills and needs, vocational training, seminars on daily life in Luxembourg and documented personalized monitoring via a portfolio.</p> <p>Promote the integration of all non-Luxembourgers.</p>
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Note: For more details, consult the National Reform Programme for Luxembourg (April 2018): <https://odc.gouvernement.lu/fr/publications.html>